

Message Text

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PAGE 01 MONTRE 00417 271929Z

21

ACTION IO-14

INFO OCT-01 EUR-25 ISO-00 CAB-09 CIAE-00 COME-00 DODE-00

DOT-00 EB-11 INR-10 NSAE-00 RSC-01 FAA-00 SS-20

NSC-07 L-03 DRC-01 /102 W

----- 109926

R 271628Z MAR 74

FM AMCONSUL MONTREAL

TO SECSTATE WASHDC 4561

UNCLAS MONTREAL 0417

FROM ALT USREP ICAO

E.O. 11652: N/A

TAGS: ETRN, CA

SUBJECT: ICAO HEADQUARTERS PREMISES

FOLLOWING IS TEXT FROM INFORMATION PAPER RELATED TO C-WP/5941
(RESTRICTED) WHICH WAS RECEIVED TODAY.

QUOTE: SUBJECT NO. 32.1: ICAO HEADQUARTERS PREMISES

(PRESENTED BY THE SECRETARY GENERAL)

1. IN ACCORDANCE WITH THE VIEWS EXPRESSED BY COUNCIL ON FRIDAY,
8 MARCH, (81-7 CLOSED) I HAVE UNDERTAKEN CONSULTATIONS WITH THE
CANADIAN ADMINISTRATION WHICH CULMINATED IN A MEETING WITH THE
HONOURABLE MITCHELL SHARP, SECRETARY OF STATE FOR EXTERNAL
AFFAIRS, ON FRIDAY, 22 MARCH 1974.

2. DURING THIS MEETING MR. SHARP INFORMED ME THAT HE WAS
PREPARED TO RECOMMEND, FOR APPROVAL BY THE CABINET, AN INCREASE
IN THE ANNUAL GRANT TOWARDS THE RENTAL OF THE ORGANIZATION'S
NEW HEADQUARTERS PREMISES IN ORDER TO ASSIST THE ORGANIZATION
IN FINANCING THE COST OF THE ADDITIONAL SPACE OF 20,400 SQUARE
FEET, THE REQUIREMENT FOR WHICH HAS BEEN ENDORSED BY THE COUNCIL.

UNCLASSIFIED

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PAGE 02 MONTRE 00417 271929Z

3. THE MINISTER ALSO CONFIRMED THE WILLINGNESS OF THE

CANADIAN GOVERNMENT TO EXTEND ITS GUARANTEE OF THE LEASE FOR THE NEW PREMISES TO COVER ALSO THE NEW AGREEMENT TO BE CONCLUDED WITH THE DEVELOPER IN RESPECT OF THE ADDITIONAL 20,00 SQUARE FEET.

4. IN ORDER TO BE ABLE TO PRESENT TO COUNCIL AS COMPLETE A PICTURE AS POSSIBLE OF THE FINANCIAL EFFECT OF THE ADDITIONAL SPACE, I UNDERTOOK INFORMAL CONSULTATIONS WITH THE DEVELOPER PRIOR TO MY VISIT TO OTTAWA TO ASCERTAIN THE BEST TERMS ON WHICH THE ADDITIONAL SPACE COULD BE LEASED.

5. THE DEVELOPER HAS AGREED TO LEASE THE ADDITIONAL SPACE REQUIRED BUT WILL ONLY DO SO BY, IN EFFECT, AGREEING TO AN ADVANCE EXERCISE BY ICAO OF PART OF ITS OPTION TO LEASE ADDITIONAL SPACE WHICH, ACCORDING TO THE PROVISIONS OF THE LEASE, WOULD BE EXERCISED ON THE FIFTH ANNIVERSARY OF INITIAL OCCUPANCY (SUBSEQUENT OPTIONS RECUR AT FIVE-YEARLY INTERVALS). WHILE I MADE EVERY EFFORT TO SECURE THE MOST FAVOURABLE TERMS POSSIBLE, THE BEST I COULD OBTAIN WAS A RATE OF DOLS 8.50 PER SQUARE FOOT (RENTABLE). BEFORE THE MEETING WITH THE DEVELOPER TOOK PLACE I HAD ENQUIRED FROM A RELIABLE SOURCE AS TO THE PRESENT GOING MARKET RATES. AS A RESULT, I CAN CONFIRM THAT THE RATE I HAVE MANAGED TO OBTAIN COMPARES FAVOURABLY WITH SUCH GOING MARKET RATES.

6. THE RENTAL FOR THE ADDITIONAL SPACE WILL BE REVIEWED FIVE YEARS AFTER INITIAL OCCUPANCY AT WHICH TIME COUNCIL MAY DECIDE TO EXERCISE AN OPTION FOR YET FURTHER SPACE - SHOULD THIS THEN PROVE NECESSARY - UP TO A TOTAL OF TWO ADDITIONAL FLOORS (24,000 SQ. FT). AT THAT TIME, THE RENTAL RATE AS THEN AGREED WILL REMAIN FIXED (SUBJECT TO THE POSSIBLE VARIATIONS PRESCRIBED IN THE LEASE) FOR THE BALANCE (25 YEARS) OF THE LEASE PERIOD.

7. I SHALL PROVIDE ORALLY MORE INFORMATION ON THE FINANCIAL ASPECTS OF THE EXPECTED INCREASE IN THE CANADIAN GRANT.

8. IN THE LIGHT OF THE FOREGOING INFORMATION I WOULD NOW REQUEST THAT COUNCIL AUTHORIZE ME TO SIGN AN AGREEMENT WITH THE DEVELOPER FOR THE ADDITIONAL SPACE OF 20,400 SQUARE FEET, A MATTER WHICH AS I HAVE EXPLAINED IS ONE OF CONSIDERABLE URGENCY. IN THE PRESENT FINANCIAL CLIMATE OF INCREASING COSTS A DELAY IN

UNCLASSIFIED

PAGE 03 MONTRE 00417 271929Z

CONFIRMING THE PROVISIONAL AGREEMENT REACHED WITH THE DEVELOPER MAY ENTAIL ADDITIONAL EXPENSE. END QUOTE.
HARPER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COMMITTEES, REORGANIZATIONS, LEASED BUILDINGS, RENTS, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 27 MAR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974MONTRE00417
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740067-0091
From: MONTREAL
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740311/aaaaakgk.tel
Line Count: 110
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION IO
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 12 JUL 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <12 JUL 2002 by elbezefj>; APPROVED <18 JUL 2002 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ICAO HEADQUARTERS PREMISES FOLLOWING IS TEXT FROM INFORMATION PAPER RELATED TO C-WP/5941
TAGS: ETRN, CA, ICAO
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005